

Hearing before the Subcommittee on Disaster Recovery and Intergovernmental Affairs
“Accountability at FEMA: Is Quality Job #1?”

October 20, 2011

Opening Statement

We are here today to assess FEMA’s progress in its efforts to balance quick disaster response with good stewardship of taxpayer money.

FEMA has responded to 87 major disasters this year, at least ten of which caused damages in excess of \$1 billion. In August FEMA had to redirect spending on past disasters in order to cover the immediate needs arising from Hurricane Irene and Tropical Storm Lee.

In March we convened this subcommittee to examine the recoupment of \$643 million in post-Katrina disaster assistance and also to discuss ways to prevent improper payments in the future. We determined that stronger front-end controls are needed to identify and prevent waste, fraud, and abuse at the outset. Without them, we get stuck with the costly “pay and chase” approach of recovering money after it is out the door. At that point it is often too late.

Today, I want to make sure quality control is a priority at FEMA. My goal is to review the organization and leadership of FEMA components, their emphases on front-end accountability processes, and how and where additional improvements can be made so that the American people can rest assured that their tax dollars are going to good use.

The DHS Inspector General has examined FEMA’s management and quality controls. It acknowledges that some improvements are being made but the IG’s findings are troubling. For example, FEMA’s Fraud Prevention and Investigation Branch had only six employees last year. Of the hundreds of thousands of cases processed by FEMA each year, only 3,108 were referred for review between 2007 and 2010. Although the Post-Katrina Emergency Management Reform Act required agency-wide employee training to better identify waste, fraud, and abuse, this has not happened.

In addition, FEMA’s acquisitions processes lack the controls needed to prevent wasteful spending, resulting in multi-million dollar contracts that don’t have clear requirements and performance measures. After Hurricane Ike, FEMA paid \$1 million for 60 days of access to two mobile medical units which were never used. The waste doesn’t always end with the initial purchase: in the aftermath of the 2005 hurricane season, Hope, Arkansas became home to 19,000 unusable travel trailers and mobile homes at a cost of \$25,000 per month. Wasting taxpayer dollars in this way is simply unacceptable.

Preventing inefficiency and abuse through enhanced government performance and accountability is a key focus of this Subcommittee. Last month I included language in the DHS authorization bill to improve financial management and prevent waste in DHS’ acquisitions processes. Earlier this year, I introduced the *Disaster Assistance*

Recoupment Fairness Act of 2011 to address the recoupment of improper payments caused by FEMA error.

Today we will hear from FEMA and the DHS Inspector General. We will also get the perspectives of two non-government witnesses from the Project Management Institute and George Mason University's Mercatus Center. I look forward to a positive dialogue on lessons learned, improvements made, and examples of best practices in accountability that are already in use by private industry and other Federal agencies which could be applied to FEMA's disaster programs.